

JUL 25 2018

David J. Bradley, Clerk of Court

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS

HOUSTON DIVISION

UNITED STATES OF AMERICA

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§
§

vs.

CRIMINAL NO. 18-0082S

VICTOR TANG and
TIETRONIX SOFTWARE INC.

SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES:

INTRODUCTION

At all times material to this indictment, the following facts are applicable:

1. The National Aeronautics and Space Administration (NASA) was an agency or Department within the executive branch of the United States.
2. Tietronix Software Inc. (Tietronix) was a company based in Houston, Southern District of Texas, which supplied a service, software programing, to NASA.
3. Defendant, Victor Tang, was an owner, the president and an employee of Tietronix.
4. Tietronix and Victor Tang engaged in an ongoing scheme from 2008 to present, to provide NASA with false information about the number of hours employees devoted to certain projects, which influenced audits on past and present contracts and influenced cost estimates on present and future contracts.
5. NASA, to its detriment, relied upon the false and inflated figures submitted by Victor Tang regarding the number of hours worked by Tietronix employees during the bidding and negotiation process for delivery orders, task orders, contract modifications, and new contracts.

Paragraphs one (1) through five (5) are incorporated by reference as if set forth in counts one (1) through eight (8).

COUNT I
MAJOR FRAUD AGAINST THE UNITED STATES
18 U.S.C. 1031

THE CONTRACT AWARD

Beginning in September 2008, the United States, in a procurement of goods and services, awarded Tietronix, a prime contract under the number NNJ08HB12B to provide software engineering and programming services, the value of said contract being in excess of \$1,000,000.

THE OFFENSE

From September 24, 2008 to present, in furtherance of an ongoing scheme, the defendants,

Victor Tang, and

Tietronix Software Inc.,

devised a scheme to defraud the United States and to obtain money and property by means of false and fraudulent pretenses, representations, and promises by providing false and misleading information to NASA involving prime contracts NNJ08HB12B, NNJ11HA14C, and NNJ14RA02C.

As part of the scheme to defraud the United States and to obtain money by means of false and fraudulent pretenses, the defendants would and did engage in the following scheme and artifice.

It was part of the Scheme:

- a. To provide regular false reports to NASA regarding the number of hours an employee devoted to a specific contract.
- b. To falsify the number of employee hours devoted to a project in order to make the original estimates appear accurate. Over the course of the contracts, the employee hours were overstated and falsified by Victor Tang, which allowed Tietronix to appear reliable and trustworthy during negotiations for future work with NASA.
- c. To provide false reports to NASA regarding the actual cost of certain contracts, which allowed for overcharges to NASA.
- d. To falsify documentation to NASA regarding the time specialized employees, such as engineers, devoted to a particular contract, when in fact, a less qualified employee performed the service.
- e. It was a part of the scheme that from 2008 through the present, Victor Tang and Tietronix generated in excess of two-million dollars (\$2,000,000) in overcharges to NASA.

EXECUTION OF THE SCHEME AND ARTIFICE

During the ongoing scheme to defraud, Victor Tang, acting for Tietronix, provided the following false reports to NASA.

- a. On or about October 13, 2009, Victor Tang provided a false Cost Report to NASA regarding delivery order number one (1) of contract NNJ08HB12B with NASA.
- b. On or about October 13, 2009, Victor Tang provided a false Cost Report to NASA regarding delivery order number three (3) of contract NNJ08HB12B.
- c. On or about October 13, 2009, Victor Tang provided a false Cost Report to NASA regarding delivery order number five (5) of contract NNJ08HB12B.

- d. On or about November 5, 2010, Victor Tang provided a false Cost Report to NASA regarding delivery order number seven (7) of contract NNJ08HB12B.
- e. On or about November 5, 2010, Victor Tang provided a false Cost Report to NASA regarding delivery order number ten (10) of contract NNJ08HB12B.
- f. On or about November 5, 2010, Victor Tang provided a false Cost Report to NASA regarding delivery order number eleven (11) of contract NNJ08HB12B.
- g. On or about October 29, 2010, Victor Tang and Tietronix were awarded contract NNJ11HA14C by NASA, which included a continuation of the services performed in NJ08HB12B.
- h. On or about August 8, 2011, Victor Tang provided a false Cost Report to NASA regarding delivery order number one (1) of contract NNJ11HA14C.
- i. On or about October 10, 2011, Victor Tang provided a false Cost Report to NASA regarding delivery order number three (3) of contract NNJ11HA14C.
- j. On or about June 13, 2013, Victor Tang provided a false Cost Report to NASA regarding delivery order number seven (7) of contract NNJ11HA14C.
- k. On or about February 12, 2014, Victor Tang and Tietronix were awarded contract NNJ14RA02C by NASA, which included a continuation of the services performed in NNJ11HA14C.
- l. On or about October 27, 2014, Victor Tang provided a false Monthly Performance Report to NASA for the months of April 2014 to September 2014 regarding contract NNJ14RA02C.
- m. On or about October 6, 2015, Victor Tang provided a false Monthly Performance Report to NASA for the months of October 2014 to September 2015 regarding contract NNJ14RA02C.

- n. On or about October 5, 2016, Victor Tang provided a false Monthly Performance Report to NASA for the months of October 2015 to September 2016 regarding contract NNJ14RA02C.
- o. On or about February 2, 2017, Victor Tang provided a false Monthly Performance Report to NASA for the months of October 2016 to January 2017 regarding contract NNJ14RA02C.

All in violation of Title 18, United States Code, Section 1031(a)(1)&(2).

FALSE STATEMENTS

COUNT II

On or about June 13, 2013, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false “Cost Report” to NASA claiming Tietronix employees worked about 7186 hours from October 1, 2012 to May 31, 2013 on delivery order seven (7) for contract NNJ11HA14C when in truth, the total hours worked were about 6000 hours.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT III

On or about December 4, 2013, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false “Cost Report” to NASA claiming Tietronix employees worked about 2432 hours from October 1, 2012 to November 30, 2013 on delivery order eight (8) for contract N NJ11HA14C when in truth, the total hours worked were about 2114.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT IV

On or about October 10, 2014, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false “Monthly Performance Report” to NASA claiming over 22,370 hours of work for the period of April 1, 2014 to September 30, 2014 regarding N NJ14RA02C when in truth, the total number of hours were about 20,831 hours.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT V

On or about October 6, 2015, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false “Monthly Performance Report” to NASA claiming about 47,310 hours of work for the period of October 1, 2014 to September 30, 2015 regarding NNJ14RA02C when in truth, the total number of hours were about 44,600 hours.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT VI

On or about October 5, 2016, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false “Monthly Performance Report” to NASA claiming about 48,007 hours of work for period of October 1, 2015 to September 30, 2016 regarding NNJ14RA02C when in truth, the total number of hours were about 45,756 hours.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT VII

On or about February 2, 2017, in the Southern District of Texas, the defendant,

VICTOR TANG,

did willfully and knowingly make and use a false writing and document, knowing the same to contain a materially false, fictitious, and fraudulent statement and entry in a matter within the jurisdiction of the executive branch of the Government of the United States, by submitting a false "Monthly Performance Report" to NASA claiming about 17,019 hours of work for period of October 1, 2016 to January 31, 2017 regarding NNJ14RA02C when in truth, the total number of hours was about 15,585 hours.

In violation of Title 18 United States Code, section 1001(a)(3).

COUNT VIII

On or about March 9, 2014, in the Southern District of Texas, the defendants,

VICTOR TANG, and

TIETRONIX SOFTWARE INC.,

made and presented to NASA, an agency of the executive branch of the United States, a material claim upon and against the United States by submitting a progress report regarding NASA contract NNX11CB37C knowing that the claim was false because the total contract cost submitted of about \$712,181 exceeded the amount recorded in the Tietronix accounting system of approximately \$258,035.

In violation of Title 18 United States Code, section 287.

A TRUE BILL:

Original Signature on File
Foreperson of the Grand Jury

RYAN PATRICK
United States Attorney

By:

Jim McAlister
Jim McAlister
Assistant United States Attorney
Southern District of Texas